



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
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April 21, 2016

TO: Each Supervisor
FROM: *Robin Kay, Ph.D.*
Robin Kay, Ph.D.
Acting Director

SUBJECT: **NOTIFICATION OF INTENT TO USE DELEGATED AUTHORITY TO
EXTEND A SOLE SOURCE ADMINISTRATIVE SERVICES
ORGANIZATION AGREEMENT WITH BEACON HEALTH OPTIONS,
INC., FOR THE MANAGEMENT OF SPECIALTY MENTAL HEALTH
SERVICES FOR FISCAL YEAR 2016-17**

This memorandum is to notify your Board of the Department of Mental Health's (DMH) intent to use delegated authority to extend the Administrative Services Organization (ASO) Agreement (Agreement) term, beginning July 1, 2016, through June 30, 2017.

On June 4, 2014, your Board approved a Board letter which authorized the Director of DMH, or his designee, to amend the ASO Agreement with Beacon Health Options, Inc., formerly known as Value Options, Inc., (Beacon or Contractor), to extend the term from July 1, 2014, through June 30, 2015, and delegated authority to the Director of DMH, or designee, to prepare, sign, and execute an amendment to the Agreement, to purchase additional services of the same type as described in the Agreement, or to reduce programs and services or reflect program and/or Board policy changes, or to extend the Agreement term to avoid services disruption, provided that:

1. The County's total payments under this Agreement do not exceed an increase of ten percent from the applicable annual contract amount which the Board approved;
2. Your Board has appropriated sufficient funds for all changes;
3. Approval by County Counsel, or designee, is obtained prior to any such amendments; and
4. The Acting Director notifies your Board and the Chief Executive Office of any amendments in writing within 30 days after execution of each amendment.

On March 10, 2015, DMH exercised its delegated authority and again extended the term of the Agreement from July 1, 2015, through June 30, 2016. The Agreement's Maximum Contract Amount of \$1,506,500 was not increased as a result of this

extension because the Contractor only utilized \$467,500 of the available \$1,506,500, leaving a balance of \$1,039,000.

Currently, DMH intends to extend the term of the Agreement for an additional year, from July 1, 2016, through June 30, 2017, and as part of that Agreement, reduce the Maximum Contract Amount from \$1,506,500 to \$900,000. DMH will not be providing any additional funding for this extension period.

Beacon, through the ASO agreement with Los Angeles County, links Katie A. certified class members who are placed outside of Los Angeles County, their home county, and who require individual, group, and family therapy, and/or medication support services with mental health professionals in the counties where children are placed (place of residence). Based on current data, Beacon serves an estimated 600 Katie A. certified class members who are Medi-Cal eligible and reside outside of Los Angeles County annually. Beacon provides this population with a network of mental health service providers who meet their cultural, linguistic, and specialty needs, consistent with Federal and State requirements, 24 hours a day, 365 days a year. Beacon also provides ASO services including credentialing licensed network providers, determining service needs, authorizing claims, reimbursing network providers, and handling complaints and grievances.

As a result of Senate Bill (SB) 785, "Out of County Placements," Beacon has experienced a 49 percent decline in the number of Katie A. certified class members referrals. SB 785 allows children in the foster care system, who are placed outside of their home county (Los Angeles County), to access medically necessary specialty mental health services in the county where they reside, similar to the services that they would have received in their home county. While SB 785 has resulted in Katie A. certified class members placed outside of Los Angeles County a better access to specialty mental health services through the Mental Health Plan in the county of their residence, Beacon remains a critical resource for Los Angeles County children placed in smaller counties with fewer resources. In these situations, Beacon continues to link children placed in these small counties to one of Beacon's network local providers to provide the medically necessary specialty mental health services.

DMH intends to extend the Agreement term one more year as DMH continues to work on a Request for Proposal (RFP) for ASO services. Since DMH has begun the work on the RFP for ASO services, not only has volume of service declined, but many requirements related to mental health services for the Katie A. certified class members have changed, thus necessitating DMH to address these additional requirements to the RFP to ensure that the new ASO contract meets the County's current needs. Some of these changes include implementing services utilizing core practice model, providing

Each Supervisor
April 21, 2016
Page 3

trauma informed services, working with child and family teams in determining the treatment goals, etc. Although the RFP process has taken longer than DMH anticipated due to these changes at the State level, DMH is working diligently to complete the RFP and intends to release it by October 2016. This extension is necessary to ensure the availability of services for the Katie A. clients residing outside of Los Angeles County by allowing DMH time to complete the RFP process and select a provider for the new ASO contract.

DMH intends to move forward with the extension to this Agreement with Beacon unless your Board has any objections. If you have any questions, please contact me at (213) 738-4108, or your Deputies may contact Bryan Mershon, Deputy Director of Children's Systems of Care, at (213) 738-2147.

RK:BM:RB:sk

c: Executive Office, Board of Supervisors
Chief Executive Office
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